

Reference Guide

Your Flexible Spending Accounts

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Register for an online account now!

If you have a current FSA with Fringe Benefits Management Company, a Division of WageWorks, and haven't registered on the new WageWorks' system online portal yet, please do so today — to register, just visit www.wageworks.com and click "Register with WageWorks now." You'll need to verify your employee status, confirm your contact information and create a username and password.

Questions? Ask us.

If you have any questions or concerns, you can talk to a trained expert to learn more about the program. Just call 855-428-0446 Monday through Friday, from 7 a.m. to 7 p.m. CT.

File a claim

You can file a claim online to request reimbursement for your eligible expenses. **To submit a paper claim by fax or mail, log into your account at www.wageworks.com, download a Pay Me Back claim form and follow the instructions for submission.**

www.wageworks.com

Welcome to WageWorks

Starting July 1, 2013 the administration of the State of Illinois' Flexible Spending Accounts (FSAs) will move from the Fringe Benefits Management Company, a Division of WageWorks, platform to a new system supported by WageWorks, Inc. ("WageWorks").

The Benefits of the WageWorks Platform

Using your FSA will continue to be quick and convenient while offering key enhancements with WageWorks.

- ▶ **Website** – The WageWorks website is a world class site with many features that are leading edge. Once enrolled in the FSA plan you will be encouraged to set up direct deposit reimbursements and provide an email to receive up-to-date account and claims status information and access on-demand account activity statements. The site has the ability to upload claims, and you can use the mobile application to file a claim from your smartphone or mobile device.
- ▶ **Customer Service** – The WageWorks customer service team is available from 7 a.m. to 7 p.m. Central Time to answer your questions. Just call the toll-free number 1-855-428-0446. Helpful tips, guides, video tutorials and FAQs are available online at www.wageworks.com.

Start Saving. Here's How.

A Flexible Spending Account (FSA) is an account you set up to pre-fund your anticipated, eligible medical services, medical supplies and dependent care expenses that are normally not covered by your insurance. You can choose either, or both, a Medical Care Assistance Plan (also referred to as a Health Care FSA) and a Dependent Care Assistance Plan (also referred to as a Dependent Care FSA).

Your MCAP funds are available to you at the beginning of your plan year, AND your FSA funds are deducted before federal and state taxes are calculated on your paycheck!

With either FSA, you benefit from having less **taxable** income in each of your paychecks, which means more **spendable** income to use toward your eligible medical and dependent care expenses.

Once you decide how much to contribute to your Medical Care and/or Dependent Care Assistance Plan, the funds are deducted in equal amounts from your paychecks during the plan year.

Important Dates to Remember

Your Period of Coverage* dates are: **July 1, 2013, through June 30, 2014**

FSA Run-out Period due date: **September 30, 2014**

MCAP Grace Period: **July 1, 2014, through September 15, 2014**

* May differ if you have a mid-year qualifying change in status.

Enrollment Information

Enrollment Information

- ▶ If enrolling during the Benefit Choice Period, return your completed Enrollment Form to your Group Insurance Representative (GIR) before the Benefit Choice deadline of May 31, 2013. Your enrollment will be effective July 1, 2013.
- ▶ If enrolling during the plan year, return your completed Enrollment Form to your Group Insurance Representative (GIR) within 60 days of your qualifying event. Your enrollment will be effective the first day of the pay period following the date the enrollment form was signed or the date of the event, whichever is later.
- ▶ Remember, if you experience a mid-year qualifying change in status, your period of coverage may change and expenses incurred are connected to that same time period. A split period of coverage may occur if you make a mid-year change due to a qualifying change in status. Please call the State of Illinois, FSA unit for more information.
- ▶ The WageWorks Health Care Card will enhance your Medical Care Assistance Plan (MCAP). See Page 8 for further details.
- ▶ Orthodontic services can be paid for with the WageWorks Health Care Card when services are rendered. The entire amount of the patient's responsibility for the orthodontic services is eligible to be reimbursed up to the maximum that the plan allows. See Page 7 for more information.
- ▶ When submitting a reimbursement request, be sure to send all information and documentation directly to WageWorks. Do not send this information to the State of Illinois, FSA Unit.

Flexible Spending Accounts

What is a Flexible Spending Account?

Flexible Spending Accounts (FSAs) are IRS tax-favored accounts to help you save money on your medical and dependent care expenses.

Flexible Spending Accounts feature:

- ▶ reimbursement of eligible expenses tax-free
- ▶ per-pay-period deposits from your salary before taxes
- ▶ savings on income and Social Security taxes and
- ▶ peace of mind paying for your anticipated eligible expenses.

Is an FSA Right For Me?

If you spend \$240 or more on eligible expenses during your plan year, you may save money with an FSA.

- ▶ You decide the total amount you want deposited.
- ▶ A portion of your salary is deposited into your FSA each pay period.
- ▶ You save income and Social Security taxes with each pay period.
- ▶ Determine your potential savings with a Tax Savings Analysis by visiting the "Tax Calculators" link at www.FSAworks4me.com.

What Types of FSAs are Available?

Your employer offers you a Medical Care Assistance Plan (MCAP) and a Dependent Care Assistance Plan (DCAP). If you incur both types of expenses during a plan year, you should consider enrolling in both FSAs.

Medical Care Assistance Plan (MCAP)

Medical expenses may be eligible for reimbursement using your MCAP, examples include:

- ▶ birth control pills
- ▶ eyeglasses
- ▶ orthodontia
- ▶ over-the-counter* items (some exceptions apply, see Pages 6 and 7).

Dependent Care Assistance Plan (DCAP)

Dependent care expenses, whether for a child or an elder, include any expense allowing you to work, such as:

- ▶ day care services
- ▶ in-home care
- ▶ nursery and preschool and
- ▶ summer day camps.

MCAP Grace Period

An IRS Revenue Notice permits a "grace period" of two months and 15 days following the end of your FY2014 Plan Year (June 30, 2014) for an MCAP. This grace period ends on September 15, 2014. **During the grace period, you may incur expenses and submit claims for these expenses.** Funds will be automatically deducted from any remaining dollars in your FY2014 MCAP.

You should not confuse the grace period with the plan's "run-out period." The run-out period extends until September 30, 2014. This is a period for filing claims incurred anytime during the FY2014 Plan Year, as well as claims incurred during the grace period mentioned above.

Claims will be processed in the order in which they are received, and the proper plan year account will be debited accordingly. This is true for paper and online reimbursement requests, as well as WageWorks Health Care Card transactions. If you have funds remaining in the prior plan year's account, these funds will be used first until exhausted. Subsequent claims will be debited from your new plan year account balance.

To utilize the card during the grace period you must be enrolled in the current plan year.

The "grace period" mentioned above does not apply to DCAP.

Visit www.wageworks.com for a list of frequently asked questions.

You must keep your documentation for a minimum of one year to submit upon request.

* Over-the-Counter (OTC) drugs and medicines require a prescription from your physician to qualify for reimbursement.

Flexible Spending Accounts

Medical Care Assistance MCAP

A medical care FSA is used to pay for eligible medical expenses which aren't covered by your insurance or other plan. These expenses can be incurred by yourself, your spouse, a qualifying child or relative. Your full annual contribution amount is available at the beginning of the plan year, so you don't have to wait for the money to accumulate.

Dependent Care Assistance DCAP

The dependent care FSA is a great way to pay for eligible dependent care expenses such as after school care, baby-sitting fees, day care services, nursery and preschool. Eligible dependents include your qualifying child, spouse and/or relative.

Typical FSA-Eligible Expenses

Use your FSA to save on hundreds of products and services for you and your family. Eligible expenses are defined by the IRS and your employer.

Eligible medical expenses

Typically, your medical expense FSA covers:

Acupuncture
Ambulance service
Birth control pills and devices
Breast pumps
Chiropractic care
Contact lenses (corrective)
Dental fees
Diagnostic tests/health screening
Doctor fees
Drug addiction/alcoholism treatment
Experimental medical treatment
Eyeglasses

Guide dogs
Hearing aids and exams
In vitro fertilization
Injections and vaccinations
Nursing services
Optometrist fees
Orthodontic treatment
Over-the-counter items*
Prescription Drugs
Prescription drugs to alleviate nicotine withdrawal symptoms
Smoking cessation programs/treatments
Surgery
Transportation for medical care

Weight-loss programs/meetings
Wheelchairs
X-rays

Eligible dependent care expenses

Your dependent care FSA typically covers expenses that allow you to work such as:

After-school care
Baby-sitting fees
Day care services
In-home care/au pair services
Nursery and preschool
Summer day camps

FSA Savings Example*

	(With FSA)	(Without FSA)
Annual Gross Income	\$31,000.00	\$31,000.00
FSA Deposit for Eligible Expenses	<u>- 2,500.00</u>	<u>- 0.00</u>
Taxable Gross Income	\$28,500.00	\$31,000.00
Federal, Social Security Taxes	<u>- 5,885.25</u>	<u>- 6,401.50</u>
Annual Net Income	\$22,614.75	\$24,598.50
Cost of Eligible Expenses	<u>- 0.00</u>	<u>- 2,500.00</u>
Spendable Income	\$22,614.75	\$22,098.50

By using an FSA to pay for anticipated recurring expenses, you convert the money you save in taxes to additional spendable income. That's a potential annual savings of **\$516.25!**

Ineligible Expense Examples

Medical Care Assistance Plan (MCAP):

- ▶ insurance premiums
- ▶ vision warranties and service contracts and
- ▶ cosmetic procedure not deemed medically necessary to alleviate, mitigate or prevent a medical condition.

Dependent Care Assistance Plan (DCAP):

- ▶ books and supplies
- ▶ child support payments or child care if you are a non-custodial parent
- ▶ health care or educational tuition costs
- ▶ services provided by your dependent, your spouse's dependent or your child who is under age 19
- ▶ overnight camps, such as sports camps and
- ▶ daycare expenses incurred while both parents are not actively working.

Budget conservatively. No reimbursement or refund of health care FSA funds is available for services that do not occur within your plan year and grace period.

* Based upon a 20.65% tax rate (15% federal and 5.65% Social Security) calculated on a calendar year.

* Over-the-Counter (OTC) drugs and medicines require a prescription from your physician to qualify for reimbursement.

Flexible Spending Accounts

You can manage and check up on your account through WageWorks online or over the phone.

For the latest information, visit www.wageworks.com and log into your account 24/7. In addition to reviewing your most recent FSA activity, you can:

- ▶ Update your account preferences and personal information.
- ▶ View your transaction and account history.
- ▶ Schedule payments to health care and dependent care providers.
- ▶ Check the complete list of eligible expenses for your FSA program.
- ▶ Manage your account while on the go via the WageWorks mobile website.
- ▶ Download the EZ Receipts® app so that you are able to file claims from your smartphone.

Using Your FSA Dollars

Making the most of your FSA account

It's important to remember that, according to IRS regulations, if you spend less than your total account balance by the end of your FSA program's plan year (or grace period), you will forfeit any money that's left over. In other words, **if you don't use it, you lose it.**

So, if you have money left in your health care or dependent care accounts near the end of the year, make sure to spend it all and to submit any necessary claims and receipts for your expenses. If you have a balance, you can also:

- ▶ Check for any receipts you may not have sent in.
- ▶ Schedule additional eligible services or purchase additional eligible medications.
- ▶ Use your health care account to pay expenses for your spouse and eligible dependents, even if they're not covered by your employer's health plan.

On the other hand, if you spend all the money in your FSA account well before the end of the year and still have expenses that could have been eligible, consider setting aside more money next year. If you can predict your future expenses fairly accurately, a higher contribution can save you even more in taxes.

Using your Smartphone or mobile device

With the EZ Receipts mobile app from WageWorks, you can file and manage your reimbursement claims paperwork on the spot, with a click of your smartphone camera, from anywhere.

To use EZ Receipts:

- ▶ Download the app from www.wageworks.com.
- ▶ Log into your account.
- ▶ Choose the type of receipt from the simple menu.
- ▶ Enter some basic information about the claim.
- ▶ Use your smartphone camera or device to capture the documentation.
- ▶ Submit the image and details to WageWorks.

Paying your Provider online

You can pay many of your eligible health care and dependent care expenses directly from your FSA account with no need to fill out paper forms*. It's quick, easy, secure and available at any time.

To pay a provider:

- ▶ Log into your FSA account at www.wageworks.com.
- ▶ Click either the Health Care or Dependent Care tab.
- ▶ Request "Pay My Provider" from the menu and follow the instructions.
- ▶ Make sure to provide an invoice or appropriate documentation. When you're done, WageWorks will schedule the checks to be sent in accordance with the payment guidelines. If you pay for eligible recurring expenses, follow the online instructions to set up automatic payments.

Filing a claim online

You also can file a claim online to request reimbursement for your eligible expenses.

- ▶ Go to www.wageworks.com, log into your account and click the Health Care or Dependent Care tab.
- ▶ Select the online claim form.
- ▶ Fill in all the information requested on the form and submit.
- ▶ Scan or take a photo of your receipts, EOBs** and other supporting documentation. In most cases, your provider's signature on your claim form will be sufficient for reimbursement.
- ▶ Attach supporting documentation to your claim by using the upload utility.
- ▶ Make sure your documentation includes the five following pieces of information required by the IRS:
 - ✓ Date of service or purchase
 - ✓ Patient name
 - ✓ Type of service
 - ✓ Patient portion or amount owed
 - ✓ Provider or merchant name

Most claims are processed within one to two business days after they are received, and payments are sent shortly thereafter. For assistance, visit www.wageworks.com/techtips.

Filing a paper claim

If you prefer to submit a paper claim by fax or mail, log into your account at www.wageworks.com to download a Pay Me Back claim form or **Fax Toll-Free: 1-855-291-0625**,
Mail to: CLAIMS ADMINISTRATOR-FBWW
P.O. Box 14326, Lexington, KY, 40512

* You must, however, provide documentation. For more information about the documentation requirements and payment guidelines, see the FAQ posted at www.wageworks.com/pmpfaq.

** EOBs are not required if your medical coverage is through an HMO.

Medical Care Assistance Plan (MCAP)

What is the MCAP?

The MCAP is an IRS tax-favored account to pay for your eligible medical expenses. These funds are set aside from your salary before taxes are deducted, allowing you to pay your eligible expenses tax-free. A partial list of these eligible expenses can be found on Page 4.

Who is Eligible to Participate in the Medical Care Assistance Plan (MCAP)?

To participate in the Medical Care Assistance Plan (MCAP), you must be:

- ▶ a State of Illinois employee working full-time or part-time 50% or greater
- ▶ receiving a paycheck from which deductions can be taken
- ▶ eligible to participate in the State Employees' Group Insurance health plan.

May I Continue to File MCAP Claims for the Period of Time I Am Off Payroll Due to a Leave of Absence?

You must complete an MCAP COBRA form in order to continue participation in the Program while off payroll. You must send direct payments to the FSA Unit until you return to payroll. It is your responsibility to submit your MCAP COBRA payment each month; no monthly bill will be sent to you. If you elect this option, you may continue to file claims for the period of time you are off payroll. If you elect not to continue participation in MCAP through the COBRA option, no services will be eligible for reimbursement following your termination. You should contact your GIR prior to any leave of absence for available options.

Can I Continue to Participate in My MCAP After I Terminate Employment or Retire?

You may continue participation in your MCAP if you complete an MCAP COBRA form prior to termination or retirement. **If you elect this option, you are required to continue participation through the end of the plan year.** You should contact your GIR prior to termination or retirement for any available options.

Whose Expenses are Eligible?

Your MCAP may be used to reimburse eligible expenses incurred by:

- ▶ yourself
- ▶ your spouse
- ▶ your qualifying child or
- ▶ your qualifying relative.

An individual is a **qualifying child** if they:

- ▶ are a U.S. citizen, national or a resident of the U.S., Mexico or Canada
- ▶ have a specified family-type relationship to you
- ▶ live in your household for more than half of the taxable year
- ▶ are 26 years old or younger at the end of the taxable year and
- ▶ have not provided over one-half of their own support during the taxable year.

An individual is a **qualifying relative** if they are a U.S. citizen, national or a resident of the U.S., Mexico or Canada and:

- ▶ have a specified family-type relationship to you, are not someone else's qualifying child and receive over one-half of their support from you during the taxable year **or**
- ▶ if no specified family-type relationship to you exists, are a member of and live in your household (without violating local law) for the entire taxable year and receive over one-half of their support from you during the taxable year.

Note: There is no age requirement for a qualifying child if they are physically and/or mentally incapable of self-care.

When are My Funds Available?

Once you sign up for the MCAP and decide how much to contribute, the annual election amount is available for eligible health care expenses beginning the first day of your period of coverage.

Minimum Deposit:

\$20 monthly (\$240 annually)

Maximum Deposit:

\$208.33 monthly*
(\$2,499.96 annually)

Since you do not have to wait for the cash to accumulate in your account, you can use it to pay for your eligible health care expenses the first day of your eligibility period.

Over-the-counter Expenses**

Over-the-counter (OTC) items, medicines and drugs may be reimbursable through your MCAP. Save valuable tax dollars on certain categories of OTC items, medicines and drugs. For more information please visit www.wageworks.com.

You may be reimbursed for OTCs through your MCAP if:

- ▶ the item was used for a specific medical condition for you, your spouse and/or your dependent(s)
- ▶ the medicine or drug was used for a specific medical condition for you, your spouse and/or your dependent(s) and is accompanied by a prescription from your physician
- ▶ the submitted receipt clearly states the purchase date, the name of the item and the prescription number or the prescription
- ▶ the reimbursement request is for an expense allowed by your employer's MCAP plan and IRS regulations and
- ▶ you submit your reimbursement request in a timely and complete manner already described in your benefits enrollment information.

Note: OTC items, medicines and drugs, including bulk purchases, must be used in the same plan year in which you claim reimbursement for their cost. It is your responsibility to remain informed of updates to this listing. As soon as an OTC item, medicine or drug becomes eligible

* \$277.77 per month for university employees paid over a 9-month period.

** Over-the-counter (OTC) drugs and medicines require a prescription from your physician to qualify for reimbursement.

Medical Care Assistance Plan (MCAP)

under any of the categories, it will be reimbursable retroactively to the start of the current plan year.

Newly eligible OTC items, medicines and drugs are not considered a valid change in status event that would allow you to change your annual MCAP election or salary reduction amount. Be sure to maintain sufficient documentation to submit receipts for reimbursement. You may resubmit a copy of your receipt from your records if a rejected OTC expense becomes eligible for reimbursement later in the same plan year.

Is Orthodontic Treatment Reimbursable?

Orthodontic treatment designed to treat a specific medical condition is reimbursable if the proper documentation is attached to the initial FSA Claim Form each plan year.

A written statement from the treating dentist/orthodontist showing the type of service, the date the service was incurred, the name of the eligible individual receiving the service and the cost for the service and reimbursement of the full or initial payment amount may only occur during the plan year in which the braces are first installed.

Should I Claim My Expenses on IRS Form 1040?

With an MCAP, the money you set aside for health care expenses is deducted from your salary before taxes. By enrolling in MCAP, you guarantee your savings. If you are enrolled in an MCAP you cannot claim these expenses on your 1040.

Itemizing your health care expenses on your IRS Form 1040 may give you a different tax advantage, depending on the percentage of your adjusted gross income. You should consult a tax professional to determine which avenue is right for you.

Are Some Expenses Ineligible?

Examples of expenses not eligible for reimbursement through your MCAP include:

- ▶ insurance premiums
- ▶ vision warranties and service contracts and
- ▶ cosmetic services, vitamins, supplements, prescription drugs or any expenses not allowed by the Internal Revenue Code that are not deemed medically necessary to alleviate, mitigate or prevent a medical condition.

Are Prescriptions Eligible for Reimbursement?

Yes, most filled prescriptions are eligible for MCAP reimbursement, as long as you properly substantiate the expense. Proper submission of the reimbursement request is needed to ensure that the drug is eligible for reimbursement. The IRS requires that either the complete name of all medicines and drugs or prescription number be obtained and documented on pharmacy invoices. This information must be included when submitting your request for reimbursement via a paper claim form.

Can Travel Expenses for Medical Care Be Reimbursed?

Travel expenses primarily for, and essential to, receiving medical care, including health care provider and pharmacy visits, may be reimbursable through your MCAP.

With proper substantiation, eligible expenses can include:

- ▶ actual round-trip mileage (24 cents per mile - subject to change during the plan year)
- ▶ parking fees
- ▶ tolls and
- ▶ transportation to another city.

WageWorks Health Care Card



About Your Card

While your WageWorks Health Care Card and account offer a great deal of convenience, both are regulated by IRS rules that all participants are required to follow. In most instances, you will be able to use your Card with little or no inconvenience. **There are, however, situations where the Card will be declined or you will be required to submit receipts and/or other documentation to verify that the item or service purchased was eligible.** For example, your card will be declined if you are using the card at a non-certified IIAS merchant or for expenses that are not a known co-payment.

How To...

Use your Card

You can use your Card in these ways:

- 1) For eligible goods and services at health care providers and select pharmacies
- 2) For eligible over-the-counter (OTC) non-drug items at general merchandise stores (including most drugstores) that have an industry standard (IIAS) inventory and checkout system
- 3) For prescribed OTC drugs at the pharmacy counter, as long as the drug is dispensed as a valid prescription. Go to www.wageworks.com/healthcarereform to learn more about the OTC drug prescription requirement. In most instances, your Card transaction will be verified at checkout, which means you will not have to submit a receipt to WageWorks after the transaction. You are, however, required to keep each receipt for tax purposes, and in the event it is needed for verification.

Before shopping for prescriptions and over-the-counter items, always visit www.sigis.com for a list of merchants that have an IIAS system in place.

Use your Card at the doctor or other health care provider

If you use the Card at a health care provider or at a pharmacy, for an amount that is not a known copayment and does not have an IIAS system, WageWorks will likely require that you submit a receipt or your health insurance explanation of benefits (EOB) to verify that the transaction was for an eligible health care expense or service.

Verify a Card transaction after the purchase

If WageWorks is unable to determine that your Card was used to pay for eligible health care products and services, you will need to take the following action to verify the transaction:

- ▶ Log into your account at www.wageworks.com
- ▶ Click on the "Submit Receipts for Health Care Card Use" link on the left-hand side of the Welcome page
- ▶ Select the unverified transaction
- ▶ Scan and upload the corresponding receipt and/or documentation

If you have lost or misplaced the receipt, you can submit a substitute receipt of another eligible expense or repay your account.

Make sure your receipts meet the requirements for verification

In order for the receipt (or any documentation) to be valid, it must include the five specific pieces of information required by the IRS:

- ▶ The patient name
- ▶ Provider name
- ▶ Date of service
- ▶ Type of service
- ▶ The amount you were charged or your cost (e.g. your deductible or co-pay amount or the portion not covered by your insurance)

For OTC prescriptions drugs, the receipt must also include the prescription number. If not included, a copy of the prescription must accompany the receipt.

Quick Tips

Log into your account at www.wageworks.com regularly to see if you have any Card transactions in need of verification.

If you have a Card transaction that requires verification, you will be notified immediately on the Welcome page upon login and via email. Remember to also monitor the Statement of Activity page for pending transactions, as it can take up to three weeks to verify a purchase. If a pending transaction cannot be verified, the Status will update to "Receipt Needed."

Note: the WageWorks Health Care Card cannot be used for any previous plan year's account balances. Avoid problems: act quickly to resolve all unverified transactions.

You have 90 days from the date of the transaction to take care of any outstanding unverified purchases. If you do not take action within 90 days:

1. The amount of any outstanding unverified Card transactions may be deducted from your next Pay Me Back claim submission.
2. Your Card will be suspended.

If your Card is suspended, it will be reactivated within 24 – 48 hours after receipts or repayment have been processed for all unverified Card transactions.

Know when a Card transaction needs to be verified

WageWorks will notify you of any Card transactions that require attention by email and when you log into your account.

Dependent Care Assistance Plan (DCAP)

What is the DCAP?

The DCAP is used to pay for your eligible dependent care expenses to ensure your dependents (child or elder) are taken care of while you and your spouse (if applicable) are actively working. These funds are set aside from your salary before taxes are deducted, allowing you to pay your eligible expenses tax-free. A partial list of these eligible expenses can be found on Page 4.

Who is Eligible to Participate in the Dependent Care Assistance Plan (DCAP)?

To participate in the Dependent Care Assistance Plan (DCAP), you must be:

- ▶ a State of Illinois employee actively working full-time or part-time 50% or greater
- ▶ receiving a paycheck from which deductions can be taken

Note: If you are married, your spouse must also be gainfully employed, a full-time student, disabled and incapable of self-care or seeking employment and have income for the fiscal year.

My Spouse Recently Became Unemployed. May I Continue to Participate in DCAP?

No. Expenses incurred while you and/or your spouse are not actively at work, or are not actively looking for work, are ineligible for DCAP reimbursement.

May I Continue to Participate in DCAP if I or My Spouse Go Off Payroll Due to a Leave of Absence, Termination of Employment or Retirement?

No. The purpose of the DCAP is to enable participants to be reimbursed for daycare expenses while they are actively working.

Whose Expenses are Eligible?

You may use your DCAP to receive reimbursement for eligible dependent care expenses for qualifying individuals.

A qualifying individual includes a **qualifying child**, if they:

- ▶ are a U.S. citizen, national or a resident of the U.S., Mexico or Canada
- ▶ have a specified family-type relationship to you
- ▶ live in your household for more than half of the taxable year
- ▶ are under 13 years old and
- ▶ have not provided more than one-half of their own support during the taxable year.

A qualifying individual includes your **spouse**, if they:

- ▶ are physically and/or mentally incapable of self-care
- ▶ live in your household for more than half of the taxable year and
- ▶ spend at least eight hours per day in your home.

A qualifying individual includes your **qualifying relative**, if they:

- ▶ are a U.S. citizen, national or a resident of the U.S., Mexico or Canada
- ▶ are physically and/or mentally incapable of self-care
- ▶ are not someone else's qualifying child
- ▶ live in your household for more than half of the taxable year
- ▶ spend at least eight hours per day in your home and
- ▶ receive more than one-half of their support from you during the taxable year.

Note: Only the custodial parent of divorced or legally-separated parents can participate in DCAP. The custodial parent is defined by the IRS as the person who has the child the most nights during the calendar year. See IRS Publication 503 for more information.

Minimum Deposit:

\$20 monthly (\$240 annually)

Maximum Deposit:

The maximum contribution depends on your tax filing status as the list below indicates, not to exceed \$416.66 per month*.

When Am I Eligible to Enroll in DCAP After I Have A Baby?

After having a baby, participants have 60 days from the later of the time they or their spouse **returns to work** to enroll in DCAP. The effective date of enrollment is the first day of the pay period following the date the DCAP Enrollment Form is signed or the date you return to work, whichever is later.

What is My Maximum Annual Deposit?

- ▶ If you are married and filing separately, your maximum annual deposit is \$2,500.
- ▶ If you are single and head of household, your maximum annual deposit is \$5,000.
- ▶ If you are married and filing jointly, your maximum annual deposit is \$5,000 per household, regardless of employer.
- ▶ If either you or your spouse earn less than \$5,000 a year, your maximum annual deposit is equal to the lower of the two incomes.
- ▶ If your spouse is a full-time student or incapable of self-care, your maximum annual deposit is \$3,000 a year for one dependent and \$5,000 a year for two or more dependents.

When are My Funds Available?

Once you sign up for DCAP and decide how much to contribute, the funds available to you depend on the actual funds in your account. Unlike MCAP, the full annual election amount is not available at the beginning of your plan year, but as your payroll deductions are applied to your account.

* \$555.54 per month for university employees paid over a 9-month period.

Dependent Care Assistance Plan (DCAP)

Should I Claim Tax Credits or Exclusions?

Since money set aside in your DCAP is always tax free, you guarantee savings by paying for your eligible expenses through your IRS tax-favored account. Depending on the amount of income taxes you are required to pay, participation in DCAP may produce a greater tax benefit than claiming tax credits or exclusions alone.

Remember, you cannot use the dependent care tax credit if you are married and filing separately. Further, any dependent care expenses reimbursed through your DCAP cannot be filed for the dependent care tax credit, and vice versa.

To help choose between the available taxable and tax-free benefits, or a combination, consult your tax advisor and/or the IRS for additional information.

Are Some Expenses Ineligible?

Examples of expenses not eligible for reimbursement through the DCAP include:

- ▶ kindergarten
- ▶ books and supplies
- ▶ child support payments or child care if you are a non-custodial parent
- ▶ health care or educational tuition costs, registration fees, deposits
- ▶ services provided by your dependent, your spouse's dependent or your child who is under age 19.
- ▶ overnight camps, such as sports camps
- ▶ daycare expenses incurred while both parents are not actively working.

Will I Need to Keep Any Additional Documentation?

To claim the income exclusion for dependent care expenses on IRS Form 2441 (Child and Dependent Care Expenses), you must be able to identify your dependent care provider. If your dependent care is provided by an individual, you will need their social security number for identification, unless he or she is a resident or non-resident alien who does not have a social security number. If your dependent care is provided by an establishment, you will need its Taxpayer Identification Number.

If you are unable to obtain a dependent care provider's information, you must compose a written statement that explains the circumstances and states that you made a serious and earnest effort to get the information. This statement must accompany your IRS Form 2441.

Be certain you obtain and submit all needed information when requesting reimbursement from your DCAP. This information is required with each request for reimbursement. In most cases, your provider's signature on your claim form will be sufficient for reimbursement.

A properly completed request will help speed along the process of your reimbursement, allowing you to receive your check or Direct Deposit promptly.

FSA Worksheets

Use the worksheets below to determine how much to deposit in your FSA. Calculate the amount you expect to pay during the plan year for eligible, uninsured out-of-pocket medical and/or dependent care expenses. This calculated amount cannot exceed established IRS and plan limits. (Refer to the individual FSA descriptions in this FSA Reference Guide for limits.)

Be conservative in your estimate since any money remaining in your accounts cannot be returned to you or carried forward to the next plan year.

MCAP Worksheet

Estimate your eligible, uninsured out-of-pocket medical expenses for the plan year. All services must be medically necessary.

UNINSURED MEDICAL EXPENSES

Health insurance deductibles	\$ _____
Coinsurance or co-payments	\$ _____
Vision care	\$ _____
Dental care	\$ _____
Prescription drugs	\$ _____
Eligible Over-the-Counter (OTC) items	\$ _____
Travel costs for medical care	\$ _____
Other eligible expenses	\$ _____

TOTAL Remember, your total contribution cannot exceed IRS and FSA limits for the plan year, calendar year and/or per pay period basis \$ _____

DIVIDE by the number of paychecks you will receive during the plan year* _____

This is your pay period contribution \$ _____

* If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year.

DCAP Worksheet

Estimate your eligible dependent care expenses for the plan year. Remember that your calculated amount cannot exceed the calendar year limits established by the IRS.

CHILD CARE EXPENSES

Day care services	\$ _____
In-home care/au pair services	\$ _____
Nursery and preschool	\$ _____
After school care	\$ _____
Summer day camps	\$ _____

ELDER CARE SERVICES

Day care center	\$ _____
In-home care	\$ _____

TOTAL Remember, your total contribution cannot exceed IRS and FSA limits for the plan year, calendar year and/or per pay period basis \$ _____

DIVIDE by the number of paychecks you will receive during the plan year* _____

This is your pay period contribution \$ _____

* If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year.

DIRECT DEPOSIT - With Direct Deposit there are no fees for the service and your FSA reimbursement checks are deposited into the checking or savings account of your choice within 48 hours of claim approval.

Changing Your Coverage

Changing Your FSA During the Plan Year

Within **60 days** of a qualifying event, you must submit a Change in Status (CIS)/Election Form and supporting documentation to your Group Insurance Representative. Upon the approval of your election change request, your existing FSA election(s) will be stopped or modified (as appropriate). A Change in Status which is on account of and consistent with the nature of the qualifying event must occur in order to change your current FSA account.

Changes in Status:

Marital Status	A change in marital status includes marriage, death of a spouse, divorce, legal separation or annulment.
Change in Number of Tax Dependents	A change in number of dependents includes the following: birth, death, adoption and placement for adoption.
Change in Status of Employment Affecting Coverage Eligibility	Change in employment status of the employee, a spouse or dependent of the employee, that affects the individual's eligibility under an employer's plan, including commencement or termination of employment.
Gain or Loss of Dependents' Eligibility Status	An event that causes an employee's dependent to satisfy or cease to satisfy coverage requirements under an employer's plan may include change in age, student, marital, employment or tax dependent status.
Change in Residence²	A change in the place of residence of the employee, spouse or dependent that affects eligibility to be covered under an employer's plan, including moving out of an HMO service area.

Some Other Permitted Changes:

Coverage and Cost Changes¹	Your employer's plans may permit election changes due to cost or coverage changes. You may make a corresponding election change to your Dependent Care Assistance Plan benefit whenever you actually switch dependent care providers. However, if a relative (who is related by blood or marriage) provides custodial care for your eligible dependent, you cannot change your salary reduction amount solely on a desire to increase or decrease the amount being paid to that relative.
Open Enrollment Under Other Employer's Plan¹	You may make an election change when your spouse or dependent makes an Open Enrollment Change in coverage under their employer's plan if they participate in their employer's plan and: <ul style="list-style-type: none">▶ the other employer's plan has a different period of coverage (usually a plan year) or▶ the other employer's plan permits mid-plan year election changes under this event.
Judgment/Decree/Order²	If a judgment, decree or order from a divorce, legal separation, annulment or change in legal custody requires that you provide accident or health coverage for your dependent child (including a foster child who is your dependent), you may change your election to provide coverage for the dependent child. If the order requires that another individual (including your spouse and former spouse) covers the dependent child and provides coverage under that individual's plan, you may change your election to revoke coverage only for that dependent child and only if the other individual actually provides the coverage.
Medicare/Medicaid²	Gain or loss of Medicare/Medicaid coverage may trigger a permitted election change.
Health Insurance Portability and Accountability Act of 1996 (HIPAA)	If your employer's group health plan(s) are subject to HIPAA's special enrollment provision, the IRS regulations regarding HIPAA's special enrollment rights provide that an IRC § 125 cafeteria plan may permit you to change a salary reduction election to pay for the extra cost for group health coverage, on a pre-tax basis, effective retroactive to the date of the CIS event, if you enroll your new dependent within 60 days of one of the following CIS events: birth, adoption or placement for adoption. Note that a Medical Care Assistance Plan is not subject to HIPAA's special enrollment provisions if it is funded solely by employee contributions.
Family and Medical Leave Act (FMLA) Leave of Absence	Election changes may be made under the special rules relating to changes in elections by employees taking FMLA leave. Contact your employer for additional information.

Notes

1 Does not apply to a Medical Care Assistance Plan.

2 Does not apply to a Dependent Care Assistance Plan.

Beyond Your Benefits

Terms and Conditions

Notice of Administrator's Capacity

This notice advises Flexible Spending Account participants of the identity and relationship between your employer and its Contract Administrator, WageWorks. We are not an insurance company. We have been authorized by your employer to provide administrative services for the Flexible Spending Account plans offered herein. We will process claims for reimbursement promptly. In the event there are delays in claims processing, you will have no greater rights in interest or other remedies against us than would otherwise be afforded to you by law.

Social Security

Social Security consists of two tax components: the FICA or OASDI component (the tax for old-age, survivors' and disability insurance) and the Medicare component. A separate maximum wage to which the tax is assessed applies to both tax components. There is no maximum taxable annual wage for Medicare. The maximum taxable annual wage for FICA is subject to federal regulatory change. If your annual salary after salary reduction is below the maximum wage cap for FICA, you are reducing the amount of taxes you pay and your Social Security benefits may be reduced at retirement time.

However, the tax savings realized through the Flexible Benefits Plan generally outweigh the Social Security reduction. For more information, call Customer Service at 1-855-428-0446 or speak with a tax advisor.

Written Certification

When enrolling in either or both FSAs, written notice of agreement with the following will be required:

- ▶ I will only use my FSA to pay for IRS-qualified expenses eligible under my employer's plan, and only for me and my IRS-eligible dependents;
- ▶ I will exhaust all other sources of reimbursement, including those provided under my employer's plan(s) before seeking reimbursement from my FSA;
- ▶ I have not, or will not, be reimbursed for the same expenses from any other source; and
- ▶ I will collect and maintain sufficient documentation to validate the foregoing.

Contact Us

State of Illinois

*Enrollment, Qualifying Change in Status,
Payroll Discrepancies*

Mon - Fri, 8:30 a.m. - 5 p.m. CT

1-800-442-1300

www.benefitschoice.il.gov

WageWorks

Customer Care Center

*Claims Eligibility and Status, Reimbursement Checks, WageWorks
Health Care Card, Monthly Statements, Account Balance*

Mon - Fri, 7 a.m. - 7 p.m. CT

Toll-free 1-855-428-0446

Reimbursement

Fax Toll-Free: 1-855-291-0625

Mail to:

CLAIMS ADMINISTRATOR-FBWW

P.O. Box 14326

Lexington KY 40512

Questions?

Helpful tips, guides, video tutorials and FAQs are available online at www.wageworks.com. WageWorks Customer Service professionals also are standing by to help you. Just call 1-855-428-0446, Monday – Friday, 7 a.m. – 7 p.m. CT.

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State of Illinois and WageWorks



Flexible Spending Account

FSAWorks4Me™



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